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ARGUMENTS AGAINST THE
DINGLEY BILL

BY

ARTHUR B. FARQUHAR

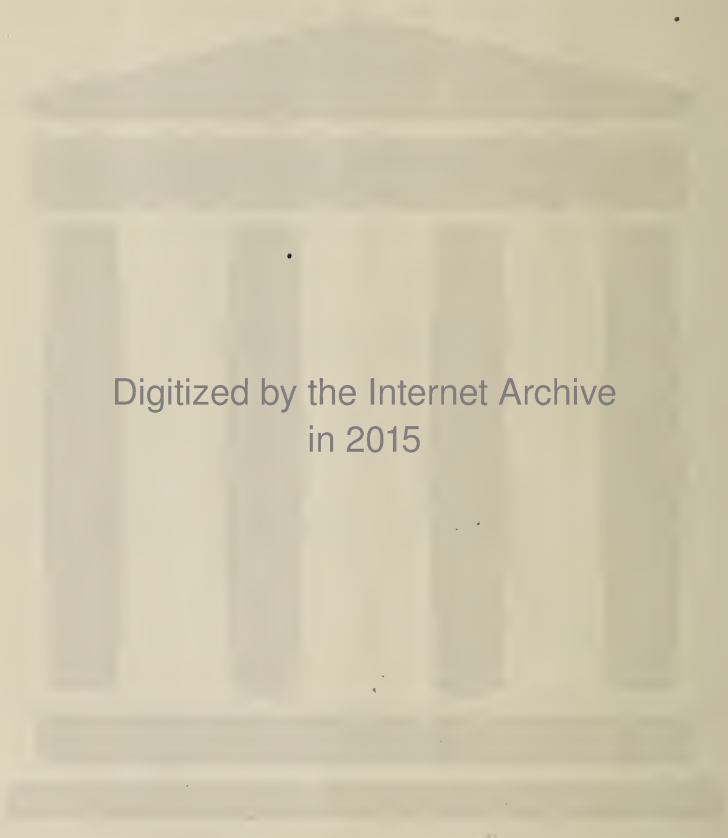
EDWARD ATKINSON

HARVEY N. SHEPARD

AT

NEW ENGLAND FREE TRADE LEAGUE DINNER
MARCH 27, 1897

of Edward Atkinson.



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OUR PROSPECT AND OUR DUTY.

ADDRESS OF MR. A. B. FARQUHAR.

We are often reminded that the darkest hour is the one just before daybreak. It may appear to us that no hour could be darker for the free-trade cause than that through which we are passing; yet, like the Psalmist in the valley of the Shadow of Death, we "fear no evil." There is substantial consolation in remembering the great causes which have survived their dark hours in the past, — that of human freedom, when the fugitive slave law was enacted and Kansas invaded; that of civil service reform, when administration after administration continued to treat positions of trust under government as "spoils of the enemy." For those causes the black night was succeeded by glorious dawn, and our cause must pass through like troubles to a like triumph. And perhaps these troubles, these hours of doubt and distress, coming as they do to test our faith and firmness, may be a necessary phase in man's deliverance from every stubborn wrong. "Whom the Lord loveth, he chasteneth, and scourgeth every son whom he receiveth." The one solid certainty, the one truth to which we may hold through all vicissitudes, is that the right must finally prevail, and that every apparent victory of forces opposed to it can be but a fleeting phantasm. Wrong is transitory, right is eternal.

But, even though we have faith to believe that there are bright vistas for us just ahead, beyond our seeing, it remains no less true that we cannot catch the glimmer of them yet. Our present trouble is not all due to a hostile administration and a hostile majority in Congress. Those we had eight years ago, and those we overcame easily and promptly. What we suffer from is the wide and seemingly incurable breach in our own ranks. We dare not

flatter ourselves with the hope that the impulse which last summer drove the Democratic National Convention, under the lead of Altgeld and Tillman and Daniel and Bryan, into a barter by which the party surrendered its tariff reform principles in payment for the electoral votes of a few mining States, has yet spent its force. We dare not soothe ourselves with the comforting delusion that "the silver craze" is a trivial symptom, completely cured by the ample electoral majority against Bryan, or that it is, in truth, anything but a bold, active, dangerous enemy, against whose inroads a determined courage and an unremitting vigilance are needed to defend us. Just as we joined last year in guarding the country against the perils involved in the Bryan candidacy, even at the well-understood and carefully counted cost of throwing the country half a generation backward in its progress toward free trade, so it may be necessary for us to help our foes again in holding the country's credit untarnished, however long we may thus delay the next forward step. In 1861 we dropped every other issue, seeing the Union in peril. Last year a like crisis imposed on us a like duty; and the same thing may easily occur again. When the country's safety or its honor or good name is involved, there is nothing to do but rush to its rescue. In 1900 or 1904 or 1908, whenever and under whatever combination of circumstances we are compelled to make such a dreary choice as was set before us last year, between an exorbitant and fanatical Protectionism and what the Chicago platform represented, our choice must be what it was then,—to accept Protectionism as the lesser evil, in the hope—nay, the unwavering conviction—that the day will soon come in which our choice is to be no longer between two evils, but between an evil and a good. In the dawn of that day our doubts will fall from us,—all doubts of our duty, all doubts of our prospect.

While recognizing the paramount claims of public credit and stability of contracts, shall we feel compelled on that account to stifle our voice on the less vitally important issue, to submit in silence to every burden under which the tariff schemers see fit to bow our shoulders, for fear of weakening the barriers on which we depend to hold back the floods of unlimited silver? In the interest of sound money itself, No! He is no true friend of virtue who hesitates

to raise his voice in indignant protest against yoking it with vice. Just as we saw last year that the worst enemies of the free-trade cause were those who undertook to blend it with disorganization and repudiation, and said so, just so we see and must not fail to say this year that he is no true champion of sound currency who seeks to identify it with that foul offspring of legislative corruption engendered in the lobby, born in the secret recesses of the Capitol's vaults, started on its course under the hammer of arbitrary parliamentary despotism,—the pending tariff bill. No: the truth as we see it on the currency and on the revenue we must boldly proclaim, and regard it disloyalty to all truths to be backward in upholding one because it may in some way interfere with another. Can truths ever contradict?

It is usually easier to ground our faith on general propositions, such as the ultimate triumph of right, the consonance of duties and of truths, than to justify it by showing clearly how the victory or the reconciliation is to be brought about in the case in hand. But the means by which the right solution is to be applied when found at the same time for the currency question and for the revenue question are, after all, not far to seek. It is almost doubting that what we advocate on these points is for the people's interest to doubt the ability of the people to see it so. The people are earnest seekers for their own interest, and the whole people can see as much as any one or any few of their advisers can see for them. Among the easiest ways in which those who have learned something of the world can be mistaken is in building too much upon the vice or stupidity or weakness of the people. Even last year's Presidential campaign, little as there was in it to give us pride or pleasure, brought us some additional proof that the people are to be trusted: in the refusal of the majority to be beguiled by the seductions of the free-silver programme, even though laid before the country with all the skill and magnetic charm and calculated sophistry of the famed "boy orator"; in the peaceful acceptance of the result by the minority; in the general order and deference to law with which the protracted and exciting campaign was conducted. The people's judgment may not have been very effectually vindicated in the nominations of the candidates; for that, as we remember, they left too much to their political leaders. But it appeared

to no mean advantage in their conduct after the campaign opened. They may not have been discreet in submitting so helplessly to the schemes of the tariff beneficiaries; but any one who thinks to find them forever incapable of discriminating bad from good when the new tariff comes to be enforced is likely to find himself seriously mistaken.

The strange spectacle is presented across the Atlantic of an alliance of the great Christian powers to save for a while from its manifest destiny—the same destiny which forced back the Indian on our continent—the corrupt, bankrupt, and decaying dynasty of the Turk. An island, one with Greece by the wish of its people and by thirty centuries of historic tradition, those Christian powers combine to wrest from her arms. The British government combines with the others; but how about the British people? Let Gladstone answer, the veteran statesman whose sixty-five years before the public have given him to know his Britain through and through, the same who eloquently pointed out the danger to Europe of the unbridled power of an undisciplined Czar and Kaiser, and the greater safety in freedom. We see something of the same contrast on our side the ocean. Our government may indeed be committed to the reactionary policy of trade interference and legislation for the benefit of special interests, but the voice of the people has not so spoken. Republican leaders, with the Bourbon instincts of a narrow partisanship, may so interpret it; but they do so at their peril. If they venture to forget what they heard from that voice in 1890 and 1892, they will find it capable of saying the same thing with the same fulness of meaning once again.

No: there is no genuine popular call for a high tariff at this time. The people are hungry for better times and fuller employment in industry, and they follow the tariff men only in the hope of getting these things. They cannot follow Democratic leadership, because it is not in human nature to trust any set of men who evidently do not trust one another. Under these circumstances they have thrown themselves into the arms of the Republicans, because that seemed the only place to go. It is absurd to believe that the country will hold to such leaders, when the effect of their policy is to discredit their leadership more firmly than it held to Cleveland and Carlisle and Wilson when their party fell away from them. In fact, all ex-

perience goes to prove that proportionate to the people's alacrity in accepting Republican rule now will be their alacrity in ridding themselves of it when they find it does not suit them. Then shall there be no organized opposition to Republicanism, nothing for the country to rally around but what is supplied by the "regular" Democrats under Gorman, Jones, of Arkansas, Tammany Hall, *et id genus omne*? Or shall the firmest friends of sound money, who are at the same time the truest friends of free trade,—the one because the other,—be able to show as perfect an organization and as active a record of opposition to tariff abuses as can be shown by anybody? I need hardly ask the question.

I need not further insist on my conviction that, if our fellow-citizens seem for the moment estranged from us, they will again be with us before they have wandered many years in the wilderness. But we have an additional force working in our favor,—the economic changes which have brought the control of some important industries to this country, in spite of our pig-headed perversity in trying to keep that control by our taxation of coal and raw materials in the hands of people wise enough to avoid such taxation. We are now about to lead the world in iron production, notwithstanding our persistent efforts to rest the lead with the British. Our supply of material is boundless; and we can, with our improved machinery, manufacture at lower cost here than anywhere, if we permit ourselves to enter the competition with hands untied. In the words of the "Grand Old Man," who grows grander with gathering years, we have only to free our trade and maintain our monetary standard uncorrupted to become the centre of the world's exchange. Ours is, indeed, a favored land. There is a source of power in its freedom from dread of invasion and a source of power in its precious privilege of self-government,—a happy contrast with the countries where an undisciplined youth, whom a free suffrage would hardly intrust with the charge of a borough, becomes absolute master of the lives and fortunes of millions of his fellows. To seek protection against rivals such as these is a case of wealth calling for help in holding its place against poverty. It is something too preposterous for long continuance.

Besides our trust in the righteousness of our cause, in the abiding sanity and returning good judgment of the people, and in the great-

ness of the country, we have other grounds of encouragement. Truly, there is enough to shame any ordinary doubts of our ultimate success in the position of affairs to-day. Here we see our President—deliberately accepted by us as the less of two threatening evils, and holding his high position by our own unregretted suffrages—sending to Congress, as the keynote of his administration, a message of concentrated infatuation,—a message in which he shows a deficit arising under his own pet tariff, and growing steadily less under a new tariff, but parades it as a reason for abruptly rejecting the new and returning to the old. Here we see a Congress rushing to the consideration and not improbably to the passage of a bill to increase the revenues, whose likeness to the bill to reduce the revenues in 1890 is, except in the sugar schedule, so close as to appear identity, thus effectually proving that neither bill was honestly described by its title. One man takes a dram because he is so cold, the next man takes a dram because he is so hot; and a Republican Congress pours out its dram of high protection alike for a deficit and for a surplus. Called for the express purpose of increasing our income by preventing imports, of adding to the treasury's resources by cutting down its customs revenue, this Congress gives us "reciprocity" as its crowning triumph of the statesman's skill,—reciprocity, which is recognized to be free trade within restricted limits, acting, so far as it acts at all, to destroy income within those limits. When other countries offer, by export bounties, to give their products to our citizens at lower cost than to their own, this sage Congress, in the same sapient law, hastens with an increased duty to punish those of our citizens who avail themselves of the favor. More common sense would be expected of a ten-year-old child. Who will dare to tell us that educated, intelligent Americans can long be beguiled by such exhibitions as these? that our fellow-countrymen lack the wit to tell such base metal from true coin?

If the glaring shams, sophistries, and absurdities of this Dingley Bill are not enough to disgust our people, they do not lack for abuses of a more serious nature. The example of public extravagance set by the first "billion-dollar" Congress has been followed ever since, and is now to be surpassed, if possible. These lavish expenditures must be met by taxation, of course; and what tax so natural to

impose as one whose final cost is disguised, so that he who pays it may fancy that he is only contributing to the general prosperity? But the location of the final burden is not hidden from all of us, though it may be from a great many. We see plainly that what Mr. Dingley would impose is a penalty against producing merchandise for export,—not only by piling up increased cost of raw material upon cost of instruments of production, but by preventing foreign customers from paying us in the valuables our people demand, and thus cutting down the value of the payment. We see, further, that the burden of this penalty, as of the cost of legislation generally, falls in the end upon the laboring man. Whatever encourages production for export quenches such demand. If any agency of state, by artificial adjustment of penalties or rewards, diverts productive enterprise from economically advantageous to economically disadvantageous directions, with a diminution in the total amount of product will come diminution in the part that can be paid to labor. The workingman suffers every loss from bad political economy: the workingman's interest is met by the promotion of export enterprise, through free commerce and sound money.

To the Dingley wool schedule, that conspiracy against the people's comfort and the people's health,—both huckstered for votes, characterized by a calm and thoughtful mind as something "which in its consequences and the conditions of its engendering stands out in blacker wickedness than any single item of legislation, even in all the abominations of tariff history,"—the time at my command is hopelessly inadequate for full justice. I only say with Mr. Cleveland that any attempt to increase the tax on wool and woollens must seal the doom of the Republican party. Nor is there time for more than an allusion to the fine levied on ideas and on culture in the proposed duties on books and fine arts. All these provisions show just the degree of infatuation that the bitterest enemies of the party proposing them would wish them to show. Shall we quote the old aphorism, "Whom a god would destroy he first makes mad"? Or shall we content ourselves with Dr. Atkinson's milder but equally merciless diagnosis, "Protection is intellectually dead"? The demonstration long familiar to thinking minds, that we have no need of protection as a national system, and that it is at this day only an excrescence and a nuisance, will by and by be as familiar to the people; and as they know, so will they act.

It is clear, then, that our duty is not to halt, but to advance. If there ever was a time when it behooved us to move forward, not stand still or return, but open a way for others, it is now. This is the very hour for him who loves country better than party,—the very hour for earnest, united action. The crisis should nerve, not dispirit us. Only raise a standard, as Washington counselled in the dark hours of the Constitutional Convention, to which the honest and patriotic of all quarters can repair, and the very perils which now environ us will assure us a ready and ample response. If we are faithful to the people, and defend them against the exactions of their pretended protectors, and against those satellites of protection, monopolies and trusts, they will be faithful.

If the foolish are to learn by suffering, still more the wise. Is it not a true lesson of our experience that, if we really mean free trade,—if we seek that as a final goal, submitting meanwhile to a tariff for necessary revenue only,—we would as well say so? We have seen too clearly how far half-way principles can carry us. But we need to proclaim it not as an abstraction, but as a proved practical expedient,—no whit the worse for us because good at the same time for our fellow-men in other lands; for all the best gifts of progress are shared, not monopolized, by the nations. We need to remember that as agents of progress, as part—so far as we are able to serve—of the propelling force for the car in which the Eternal makes his way through human affairs, our standards of policy and patriotism must be the very highest, not to be yielded to any call or to any man. In this forward movement every college is our ally, and every institution of liberal culture. Every agency for dispelling darkness and putting light in its place is at work with us or for us.

Yet these lofty aims and this uncompromising allegiance to our principle are altogether consonant with an ample measure of moderation in putting that principle in execution as soon as the power is given us. A man cannot be turned from besotted dissipation to perfect sobriety by a day's treatment. Progress must be gradual, or relapses will set in, and despair will come in place of hope. Taxes must be levied to carry on the government and fulfil its obligations; and, if all taxes are evil in themselves, there is something to be said in favor of the view that men will bear easiest that

burden of evil to which their shoulders have been adjusted by habit. We have manfully undertaken to pay \$140,000,000 a year in pensions, as a duty of patriotism and humanity; and, while so great a charge rests upon us, we cannot well speak or think of bringing down our revenue to the moderate scale that was found sufficient forty years ago. The Wilson Bill as it passed the House—and still more the Wilson Bill as it first entered the Committee, without the disastrous income tax feature, and with other provisions for sufficient revenue—was a measure to which we should not refuse our praise, though we grant it incomplete as an expression of our deepest and most cherished convictions.

This may be called opportunism, which appears to mean carrying on a government in the only way that governments can be carried on; but it is not apologizing for our principles. We insist that our principles need no apology. It is a monstrous calumny that we stand in the way of a restoration of prosperity. There is absolutely no foundation for the accusation that our policy was concerned in any way with the origin or the continuance of the present business depression. These reverses were at first most prevalent—in fact, for some time practically confined—in States and localities whose interests were in mining or real estate speculation, those of large manufacturing interests being long exempt. The reverses still continue, because capital is frightened and investments called off by the unchecked agitation for what is called Free Silver, which is by interpretation a tax of one-half, for the benefit of the borrower, on every loan. Those who realize how eagerly they would rush into investments, with the prospect of such a tax hanging over them, can realize why our prosperity has been slow to recover. Does it not seem idle to talk of bringing prosperity back by one act of spoliation, when the only thing that restrains it is the dread of another?

I have no wish to represent this commercial depression as a petty or fleeting affair; and yet the truth demands admission of the fact that the distress caused by it, among both the industrial and the agricultural population, has been greatly exaggerated. Some laborers have been thrown out of work, but not nearly so large a proportion as has been claimed. Some embarrassment the farmers have suffered from the low prices of their products, but decidedly less than they thought they were suffering. Owing to the effect of

industrial progress, so often remarked by Dr. Atkinson, in apportioning to the laborer a constantly increasing part of a constantly increasing product, his condition has risen higher in our time than ever before; and, notwithstanding the depression, higher it is to-day. He is hurt, of course, just as his employer is hurt, by the threats of the Altgeld faction against the standard of values, to which threats the stagnation of enterprise is due; but, when a comparison is made with his circumstances a generation ago or with his circumstances in countries less favorably situated for production, and bowed under the yoke of an oppressive and expensive military organization, there appears occasion for felicitation rather than commiseration. Nor is the case much worse with the farmer. He, too, is really better off than he was forty years ago,—that is, he may obtain by the same expenditure of toil more of the comforts of life,—and, where he fails to seem more prosperous, it is usually due to the fact that his standard of living has improved with his circumstances. The farmer is injured, along with the capitalist and the employee, by the attack on credits involved in the silver campaign; for his prospective gain, to come from a lightening of the mortgage he may have to pay, is no compensation for his actual loss coming from unsettlement of business and retrenchment in consumption. The farmer is also injured by the protective system, which is specially adjusted to increase the cost of what he buys and cut down the purchasing power of what he sells.

The turbulent social discontent, to which the Chicago Convention last summer appealed, finds little to justify it in the real interest of society. The accumulations of the rich, far from being amassed at the cost of the poor or extorted from necessity, are, as a rule, the result of productive enterprises, and, therefore, a general blessing. Let him who doubts this try to imagine what impulse, other and therefore weaker than an eager desire for gain, could have enlisted the services of so many able men in behalf of the public, in transportation, manufacturing, and extractive enterprises. The social derelict—the man of whom the artisan has really to complain—is not he who accumulates and thus gives employment, but he who squanders or hoards. Even the abused trusts have their better side. Railroad combinations have unquestionably reduced the cost of carrying charges. It would be temerity to claim that the Standard

Oil and Sugar Trusts had not lowered the cost of these great staples. We do not complain so much of the combinations themselves as of the help given them by law in establishing a monopoly. The way we render them dangerous is by protecting them.

Yet there is something wrong in our financial machinery. What is the real difficulty? Knowing that, we ought to have little trouble in finding the cure. Dismissing as pestilent quacks those who pretend to restore credit either on the one hand by wholesale depreciation of the basis of credit or on the other by a wholesale invasion of the rights of the people in order to advance the interests of a favored class, let us turn our attention to the difficulty actually confronting us; for the Chicago blunder was not in asserting the existence of such a difficulty. There is really a lack of accessible capital throughout whole sections of our country, this needed capital not being procurable because suitable financial machinery is lacking. More and better banking facilities are needed. Every community where there is enough wealth to serve as a foundation for credit, but a lack of ready capital, ought to be able to command the services of a bank — a sound, strong bank — to supply that lack. I need not remind you, though you and I need to remind our fellow-citizens at every opportunity we find to our hand and at every opportunity we can make for the purpose, that banks would not exist if they were not of real use to the community, that they are not mere superfluities or mere burdens upon the people, that they return actual service for all they cost, and that they force such service on no man. They are, on the whole, the best apparatus yet contrived for putting capital where it is needed when it is needed. Those who fear the banks are those who know them least. Our desideratum, then, the true remedial agent that is to restore our financial condition to health and put an end to the fiat money and free silver crazes, is a national banking system, like the Scotch or Canadian,—a system of associated national banks, with heads at the money centres and branches where there is demand for them.

Let us make it our mission to supply such a cure; and then the tariff quacks, along with the silver quacks, will find their occupation gone. A reformed, extended, and assured banking system is the crying financial need of the hour; and how to promote it is one of our gravest political problems. That way lies safety; and it would

be neglecting a duty if I passed any opportunity for calling attention to it.

But no political advance can be made, it appears, without enlisting a party organization to push it; and where is the party to whose care this important reform can be committed? The Republican, now in the plenitude of uncontested power, I have already endeavored to portray to you. We see it banded to hobble civilization, art, and learning with an impost, to cripple our commerce, and fence us out of foreign markets, just at a time when American manufacturers have shown themselves able to hold their own against the world's competition. We see it attempting to disguise its attacks on production for export, the production that meets a natural demand, by a pretentious parade of its work in winning markets where demand is and must remain scanty,—markets only valuable because won by deals and dickers; and we see it, under pretence of aiding the workingman, close the country's outer doors to the product of his labor and at the same time weigh him down with a tax on necessities. Not among the Republicans can we hope for intelligent service to the public. We must go further.

Shall we look to the Democrats? As their party is now made up, it has nothing better to offer us. Making similar professions of zeal for the workingman, it proposes to aid him by debasing by one-half the money with which he is paid, and, further, by frightening capital away from all enterprises which give him employment. It would play fast and loose with the tariff. After turning its back on that issue in the Presidential canvass, the better to conciliate the silver-mining combine, it now offers no serious opposition to the scheme of legalized pillage set on foot by the Ways and Means Committee, calculating to use the people's resultant dissatisfaction in the sole service of their worse and more pernicious scheme,—to debauch the country's currency system. And when it held power, when it rejoiced in some sort of unity and harmonious councils, how did it serve us? Instead of enacting some such true, consistent, prudent, and systematic revenue measure as that monumental masterpiece—the Walker tariff—which came nearer to the statesman's standard than any other of the score or more that have come to torment us, instead of giving us even the Wilson Bill, the best it could furnish was a Gorman law with an income-tax attachment.

In blind hatred of capital on the one hand and blind submission to a few cunning capitalists on the other, patriotism and statesmanship were sacrificed to "party perfidy and party dishonor." The wretched, emasculated compromise which resulted so blended its "good Lord" (the people) with its "good devil" (the trusts) that no man dares claim its authorship, and the President who had called it into being refused to approve it with his signature.

A plague o' both their houses! Democrats and Republicans alike show a record so mephistic as to poison the breath of reform, to stifle the fragrance of patriotic endeavor. Can we not form a new alliance, free from loathsome entanglements with effete parties, pure and earnest as was the party of union and freedom before unbridled power and unhallowed associations began to corrupt it? We can. Out of the shattered, soulless wreck of the old parties we can build a new structure,—a National Free Trade party,—on such a foundation that "the gates of hell shall not prevail against it." In this cradle of liberty, under the shadow of Bunker Hill, it is fitting that we organize and begin the work. Let us begin here and now.

ARGUMENT IN FAVOR OF SUCH DISCRIMINATION
IN FRAMING THE TARIFF AS SHALL BEST
PROMOTE DOMESTIC INDUSTRY AND
PROTECT AMERICAN LABOR.

ADDRESS OF MR. EDWARD ATKINSON.

Mr. President and Gentlemen of the New England Free Trade League:

It is my purpose to speak to you to-night on the promotion of domestic industry, the protection of American labor and the welfare of the American workman. The long existence of high duties on imports covering a whole generation has diverted large amounts of capital and a considerable number of workmen from the occupations in which they might have done more useful work, probably more profitable to themselves, into a small number of somewhat conspicuous branches of industry. These works are now directed and controlled by men of the highest repute, with whom the system did not originate, and of whom many deplore the recent tendency to change the theory of protection from the conception of its founders, of moderate duties on imports with incidental protection to a demand for protection with incidental revenue.

Strangely enough, it has come to be the fact that the only safe protection which can now be given to these specific branches of industry is that which must for the present be incidental to the collection of necessary revenue from duties on imports. Hence an almost sure and certain co-operation of many of the most progressive manufacturers with your League in opposition to the pending measures, provided only that passion and prejudice are not aroused by unseemly attacks and the imputation of unworthy motives on either part.

Our revenue requirements at the present time would of necessity give to the manufacturers of finer fabrics and to almost all who are embarrassed under the present artificial conditions full time to adjust themselves to safer conditions. Even a high tariff on many fabrics and subjects which are of the nature of articles of luxury, of fashion, of fancy and of temporary use, will be necessary for many years to come, subject to gradual deduction as our expenditures may be diminished by the falling in of pensions. Hence it follows that many of your opponents are now turning toward your organization to meet the attack of protection run mad which is embodied in the Dingley Bill now before Congress, by which their interests are imperilled. They are threatened with heavy duties on articles like wool, degreas, and others, which have been recently in the free list, and also with an increase of duties on many of the most important crude or partly manufactured materials which enter into the processes of domestic industry. Although offered what are called compensatory duties by which the rates would be raised on their fabrics to a most extravagant point, they know as well as you do the danger of such a position; they do not care to be exposed to a blind rush under conditions of prejudice and passion, by which their great works may hereafter be imperilled and they also know that such a policy will cut off their exports.

The largest and most important branch of manufacture in this State is that of leather and of boots and shoes. That industry among others is threatened with tariff taxation on most important materials which enter into the processes of the work. Yet any effort to give protection to the fabric—to the boot or the shoe—is utterly futile. What the boot and shoe interest demands is unrestricted access to the markets of the world, unoppressed by taxes on the materials or processes of their industry. While our leather under present conditions is becoming a prime factor in all the principal markets, that export may be destroyed by this little petty tax on degreas, or by the increase on shoe threads and other proposals in the pending bill, which, although apparently small in ratio to the total cost of the boot or the shoe, yet may take away the entire margin of profit on which the export depends.

Under such conditions a most careful study of the present status of American industry becomes suitable, even if one must repeat the substance of previous public work.

The portentous event of the present decade has been the passing of the dominion of iron and steel from Europe to this country. Our friend Mr. Farquhar has given you one of the many examples of the influence of this change. He has shown you how and why it is that the American manufacturers of ploughs, machinery, bicycles, tools, rifles, and many other articles into which iron and steel enter as component materials of chief value, being now enabled to secure them at even or better terms than their foreign competitors, are taking control of great markets in the exports of metallic work, in which our progress has been by leaps and bounds. He has explained to you how he has been enabled to convert iron, steel, and timber into ploughs because he has command of the cheapest labor in the world,—not low-priced labor, not pauper labor, but workmen who, earning the highest wages for themselves, yet enable him to convert materials into finished ploughs at the lowest cost of labor and thus give him command even of the great British markets themselves in South Africa and elsewhere.

It is only within the last few years that this great benefit has been secured in the manufactures of iron and steel. Down to 1888 tariff taxation upon iron and steel had enabled the ironmasters to keep the price of common pig iron about seven dollars (\$7) a ton above the British price of the ten preceding years. The disparity in the cost of the better grades of iron and steel was yet more than seven dollars (\$7) a ton. The duties were higher than this sum, but these duties enabled the ironmasters to secure this gain. The government secured little or no revenue except upon some specialties; but the consumers of iron in this country were thus forced to pay sixty to seventy million dollars (\$60,000,000 to \$70,000,000) a year in excess of the relative prices paid by the consumers of British iron, whatever the prices may have been year by year. That is exactly what is sought to be repeated by the imposition or increase of duties on wool, dyestuff, chemicals, etc., in the Dingley Bill. During ten years, 1878 to 1887 inclusive, we consumed ten million tons of iron a year, on which the price was raised an average of seven dollars (\$7) a ton by the existence of a duty at a considerably higher rate. Iron and steel enter into the cost of all our domestic machinery. Therefore, the capital required in establishing textile, boot and shoe, and other manufactures, in making implements,

locomotives and the like, was by that much greater in this than in other countries; while our export of anything made from iron and steel was restricted to a few special articles.

Witness the wonderful progress since this disparity was removed. In 1888 our exports of iron, steel, and copper manufactures (omitting ores, pig metal, and ingots) were \$23,000,000. In the fiscal year ending June 30, 1896, the value of these exports was nearly \$55,000,000.

For seven months of the present fiscal year these exports have been at the rate of \$72,000,000. They are rapidly increasing, and promise to reach \$75,000,000 or even more when the year closes. These exports are the products of American workmen of the highest skill and aptitude, who recover from the sales the highest earnings that are enjoyed in this or any other country.

During the whole decade from 1878 to 1887 inclusive, the price of iron and steel was subject to very rapid reduction, greater in other countries than in this country; but since 1888 prices have declined in this country more rapidly than they did in other countries, because we had then begun to open our immense deposits of iron and coal, and had become masters of the highest department in the art of conversion. Thus it has happened that within the last two or three years tariff taxation on iron and steel has become practically inoperative as an element of protection. Our exports are now governing the prices in other countries, while no import of any consequence may be made into this country, affecting the domestic price.

But during this whole period before and since the tariff became inoperative our ironmasters have extended their work, until they have obtained this dominant position. The Southern iron-makers now want free trade in ores, in order that they may import the rich Bessemer ores of Venezuela and Cuba to mix with their lower grades, and thus enable them to make Bessemer steel. The Maryland steel-makers want free ore, in order to enable them to use the rich abundance of their coal. The Massachusetts consumers of iron want the free import of old scrap iron and other material, to the end that they may restore the iron industries of Massachusetts, which have been almost wholly destroyed under the name of protection.

On the other side it will be claimed that, even if such are the

fruits, they are the result of the protective system. If they are the result of the protective system, the fact becomes plain that, in order to establish this industry in its present condition, the consumers of iron have paid to the ironmasters by force of tariff taxation in ten years an average of seventy million dollars (\$70,000,000) a year. Seven hundred million dollars was paid in a single decade by the domestic consumers of iron to the producers in excess of the price of iron in other countries. This sum did not pass into the public treasury, but it did enable the iron and steel masters to establish the works that they now own. That sum is more than the entire capital of all the iron furnaces and steel works in the United States put together. Let it pass. Whether by means of protection or in spite of it, let us take comfort in the fact that one great branch of American industry has ceased to be an infant, and is now rejoicing in the developed strength of a stalwart adult who is dominating the earth and who wants the earth.

The people of this country are the greatest consumers of iron in the world. The secretary of the Iron and Steel Association lately computed our domestic consumption at three hundred and fifty (350) pounds per head. If we now add to that the present heavy exports, we shall soon produce and consume more iron in our furnaces, steel works, and machine shops than all other nations combined. At present we use within the limits of our own country nearly or even over one-third of the iron consumed in the world, yet we have only begun to make use of our supplies of coal and our great bodies of ore at ever-lessening cost. Our chief competitors in Great Britain stand face to face with the exhaustion of their main supplies of Bessemer ores in Spain while they are dreading the increased cost of coal, of which the limit of supply is known.

In proof of what I have said that the dominion of iron has come to this country to stay, I will give you one very short statement taken from the last annual report of the Mineral Industry of Great Britain and Ireland, by Mr. G. Leneve Foster, published by the Home Office as a Blue Book.

In 1866 the late Professor Jevons uttered a warning in regard to the rapid exhaustion of the British coal supply, with a prediction of a rise in cost and price. Quoting established estimates, Professor Jevons said, "We cannot but allow that a century of our present

progress would exhaust our mines to the depth of 4,000 feet, or 1,500 deeper than our present deepest mines."

Thirty years of that century have elapsed. In dealing with these figures, Mr. Foster proves that, although improvements in methods of combustion have not fully justified Professor Jevons's forecast of increased consumption, yet he remarks upon the actual figures, "It would appear, therefore, that we are approaching our maximum output of coal." This deduction, he says, "confirms two of Professor Jevons's forecasts; namely, our inability to go on for long with a yearly ratio of increase of $3\frac{1}{2}$ per cent. and the probability of signs of a decline in our progress becoming apparent in a lifetime. Nevertheless there is consolation to be derived from the fact that the prediction concerning an injurious rise in the price of fuel has not yet been realized."

Under these conditions the disparity in the product of coal per man will year by year become greater. It is now the principal factor in making the rate of wages. Mr. Foster computes the annual output of coal per man at the mouth of the coal pit at two hundred and eighty-three (283) tons in Great Britain, four hundred and sixteen (416) tons in the United States. In our principal mines of bituminous or coking coal, the disparity is much greater. Our men below and above ground can do twice as much work as in the British coal mines, produce twice the quantity at the pit's mouth, and therefore may rightly earn double wages, as they do without increasing the cost of labor per ton of coal. When the quarrying of coking coal in the great Pittsburg, Virginia, and other Southern coal mines, in wide veins drifting upwards, draining themselves, while the full cars draw in the empties, is compared with the deep mining in the veins in Great Britain (two thousand feet below the surface, lying horizontally only two or three feet wide, where men must lie on their sides in a temperature exceeding one hundred degrees Fahrenheit), on which she now mainly depends for her coking coal which is necessary in making steel, how long, may we ask ourselves, can Great Britain compete with us? The dominion of iron and coal has come to this country for all time. This is the portentous event of our era.

I have dwelt somewhat at length on the facts in regard to iron and steel, because they relate to the most important factor in our

future progress. Think what it means! The population of this country is but 5 per cent. of the computed population of the globe. By comparison with the manufacturing nations of Great Britain, France, Germany, and the Netherlands, we number to-day seventy-three million (73,000,000), out of a total in the countries named, including our own, of less than two hundred and twenty million (220,000,000). We are over 30 per cent. To the United States and the European States named the world looks for nearly its entire supply of what are called manufactured goods. Now mark the relative conditions. Numbering only 5 per cent. of the population of the globe, we produce and consume more than one-third of the iron and steel and before the end of the present century we shall produce, consume, and export one-half the iron and steel that the world requires. We consume more than twenty-five per cent. (25 %) of the whole wool clip of the world. We possess nearly one-half the railway mileage. Our supremacy in cotton and food need not be measured: our position is paramount in both. A few years since, and again in the present year, if all the grain that we exported to Europe had been taken by Great Britain, as most of it was, we should have supplied every man, woman, and child in Great Britain with a barrel of flour a year, which is the customary consumption in this country. Every nation with which we compete in the manufacturing and mechanic arts for the supply of the world's needs is very deficient either in food, fibre, fuel, or metal: we are deficient in none. The commerce of the world lies at our feet. There is but one force which can prevent our taking it up and enjoying its benefits. That force is the Congress of the United States. The measure which will more than any other retard the progress of American industry, which will tend to depress wages and to deprive American labor of occupation, is the pending measure now being acted upon in Washington, known as the Dingley Bill.

I desire, however, to call to the attention of the framers of this act that it is far from complete. It has been framed and sustained in order to carry out "the principle of protection," so called. The definition of a "principle" is "an admitted truth, requiring no further proof." The Committee on Ways and Means of the present Congress have acted upon this conception by refusing to hear any objections to the bill; and they are right. A "principle" is "a rule

of action among human beings" by which they should be governed. If the Dingley Bill is based on a principle, it was as unsuitable for the Committee on Ways and Means to hear any objections to "a rule of action among human beings" as it would be to give a hearing to Brother Jasper of Virginia, who still believes that the sun moves around the earth. Any objections to this bill on the ground of principle may be of course totally disregarded by men of the type of mind who have framed this measure. But I call your attention to the fact that their effort to carry out the "principle of protection" has failed. The Southern members already call attention to their total failure. A principle is of universal application. There can be no just exceptions. Southern members rightly claim that, if protection with incidental revenue is to be the policy of the country, it should cover the whole country and be applied to all arts and products. Hence they have rightly asked a heavy duty on cotton, and will undoubtedly get it. The average of the existing bill is fifty per cent. on dutiable imports. On this principle the Southern cotton growers should therefore ask and will doubtless get, a vote on a duty of at least five cents a pound on Egyptian cotton, and will doubtless suggest and secure a compensating duty on cotton fabrics of six cents a pound, the additional cent to cover the shrinkage of manufactured cotton as compared with the raw material.

The cattle owners of Texas and other parts of the country are also just as much entitled to their share. They came within one of obtaining a heavy duty on hides in the committee. This duty will, as I am informed, be moved in the House of Representatives, and should also be granted at a rate equal in a specific form to fifty per cent. of the value of hides.

There are other industries which on this principle are entitled to full consideration that have been ignored in the committee. Rubber trees are already established in Florida, with the hope and probability of obtaining a full product of India-rubber. A specific duty will doubtless be asked and granted on crude rubber. The cultivation of the olive is well established. The duty on olive oil is not yet sufficient to secure the whole market to American olive oil, and should therefore be increased. The duty on rice comes into the same class; and there are many other articles still remaining in the free list which in the course of time might be fully established within the

limits of our own country if the representatives should secure the same benefit which the ironmasters did in the manner described for nearly a generation, ending in their complete success in establishing an American industry to the exclusion of all foreign products of like kind, at the cost to consumers already stated of \$700,000,000 in ten years. Are we to pay such a tribute?

I have reason to know that many of these amendments will be offered in the House or Senate, and there is every reason to believe that they will be accepted; but there would still remain one industry which is of such importance that it has called the attention of the entire country to it. If it is right and consistent with "the principle of protection" to secure the whole American market to American products, what cannot be done under the tariff act may be done by other simple methods by which the industry of which I now speak can secure the same protection which is to be granted under the Dingley Bill.

I have in mind the great silver interest of this country and I hope to see an amendment agreed to in the Dingley Bill which is to be offered for the free coinage of silver dollars of full legal tender at sixteen to one. That act of force is due to the protection of the silver interests; and, since they cannot be protected by duties on imports, yet on the same logic of protection and by the application of the principle the owners of the silver mines are entitled to the same consideration.

Dealing with this subject as a matter of principle, our excellent, upright, and downright Senator Hoar (whom we all love and respect, however we may differ on economic questions) might be rightly expected to give his support not only to the act as it now stands, but to all the amendments which are necessary to carry out the principle, including the protection of silver. Our astute and courageous Senator Lodge would simply find in these amendments the same effect which he has already attempted to secure. He would be enabled to twist the British lion's tail both by the heavy duties on imports and by the free coinage of silver at sixteen to one. Whether or not our representatives have been long enough in the practice of legislation to have attained a full comprehension of this great principle remains to be proved. I doubt it. I know that it is probable that several of them have not yet fully absorbed the logic

of the case, and they are hesitating even in respect to the Dingley Bill as it now stands whether or not they would be justified by their constituents in applying the so-called principle of protection in its full and logical integrity. I think they should sustain every amendment that I have named, all of which will be brought before them for action in the House of Representatives; and, when the Dingley Bill has been thus perfected and adjusted in a logical manner according to its declared purpose of protection with incidental revenue, they may then give their attention to the underlying question, *Is there any principle in protection?* Is it based on "an admitted truth"? Is it "a rule of action among human beings" which may rightly be applied to the country as a whole, and under which there should be no exception, no sectional preference, no choice as to who may enjoy the privilege of taxing the whole community to the end that the price of their products may be raised, so that they may secure the complete and universal benefit of the logical application of the alleged principle? When brought face to face with such an issue, no man of sense or integrity can sustain such a measure. He may for the first time be forced to admit that there is no principle underlying the protective system. It is but a policy which we have outgrown, and which has become a bad policy, obstructive to the progress of the nation. It can have no general application.

When this "rule of action among human beings" had been applied, the benefits can be enjoyed only by those who can be subjected to an import of foreign products similar to their own. There are twenty-five million (25,000,000) persons occupied for gain in this country, supporting a population of approximately seventy-three millions. Setting apart Canada, on which there is nearly a common consent on a treaty of reciprocity, and in view of the fact that we now supply Canada with a very much greater quantity of agricultural products than with her cold climate she can supply us, the number of persons of those occupied for gain in professional and personal service, in trade and transportation, in agriculture and in mechanic arts and mining, would not exceed 10 per cent. who could enjoy the benefits of protection. It is very difficult to find as large a proportion as 10 per cent. of all who are occupied for gain, who under any conditions could be subjected to an import of foreign products of like kind, if no duties or taxes were levied except

for the simple purpose of securing a revenue of five dollars per head for the maintenance of the government and the payment of interest and pensions, that being the average for the last eighteen years. There would remain the great body of consumers, 90 per cent., who under this application of the so-called principle of protection would be doubly taxed,—five dollars per head for the support of the government, and, under the conditions which I have put before you, perhaps a larger sum for the support of the small number benefited by the alleged principle of protection.

Time will only suffice for me to pass in hasty review the grounds on which the chairman of the Committee on Ways and Means proposes to increase existing tariff taxes, in the sum of over one hundred and twelve million dollars (\$112,000,000), intending to raise twenty-two millions (\$22,000,000) of that sum by returning to the revenue tax on sugar, substantially as it was when repealed in 1890 under the McKinley act. That tax may be justified to cover the possible continuation of the deficiency of revenue during the present year. After that I am of the profound conviction that the internal taxes will be restored to their normal proportions. I think the Democratic Congress of 1894 made a mistake in putting up the tax on whiskey from ninety cents (90 c.) to one dollar and ten cents (\$1.10) while extending the bonding period. The effect of that has been to cause an apparent reduction in the consumption of whiskey, from an average of one and four-tenths gallons per head to one and twelve-hundredths in 1895, and one gallon in 1896. One of two things must have happened. Either another great whiskey fraud is being perpetrated on account of the high rate, or else, while the consumption is probably continued at the customary rate, great quantities have been held back for lack of cash to pay the increased tax. I doubt if any tax beyond ninety cents can be fully collected. I believe that is the maximum of a revenue rate which will not promote extensive evasion.

Deducting twenty-two million on sugar from the proposed increase of one hundred and twelve million, there remains ninety million dollars (\$90,000,000) of increased taxation under this act. For what purpose? Not to meet a deficit. The sugar tax and the existing revenue will more than suffice for that. Not to meet an increase of pensions and interest, because the pensions and interest culminated

at their highest point since 1880 in the year 1893, when they were two dollars and seventy-nine cents (\$2.79) per head. Since that date the interest has been increased in some small measure ; but the pensions have diminished from one hundred and fifty-nine million (\$159,000,000) to one hundred and thirty-nine million (\$139,000,000), and are now in the way of a reduction at the rate of $2\frac{1}{2}$ to 3 per cent. a year. The pensions and interest of 1896 came to two dollars and forty-five cents (\$2.45) per head, and in 1897 they will be less than two dollars and forty cents (\$2.40), in 1898 approximating two dollars and thirty cents (\$2.30) unless another Corporal Tanner shall be put in charge of the Pension Office. But the appropriations by the last Republican Congress, which has just adjourned, are close upon six dollars (\$6) per head, if they may not exceed that sum. Now, deducting pensions and interest at two dollars and fifty cents (\$2.50), there remains an appropriation of three dollars and a half (\$3.50) per head for the ordinary expenses of the government for the civil service, the War Department, the Navy Department, and the Indians. The cost of our government aside from pensions and interest, and including the return of the direct taxes,—over twenty millions (\$20,000,000),—the bounties to the sugar planters,—over thirty-five millions (\$35,000,000),—and the extinction of titles to Indian lands,—probably amounting to twenty million dollars (\$20,000,000),—has been but two dollars and fifty-eight cents (\$2.58) on the average for the last eighteen years, including the extravagant expenditures under the acts of 1890 and during the Harrison administration. Except for these extra and non-recurrent expenditures the revenue from liquors and tobacco has covered all the normal cost of government, except interest and pensions but including the new navy, for a period of eighteen years at two dollars and a half (\$2.50) per head. Under existing conditions these expenditures will be three dollars and a half (\$3.50) per head. We are therefore called upon to pay one dollar (\$1) per head or more, from seventy-three million (73,000,000) to perhaps one hundred million dollars (\$100,000,000) to meet expenditures which cannot be defended on any ground of rightful economy in the conduct of the government. The purpose of the Dingley Bill is to cover this excess with an amount of bounty added almost or quite equal, to augment private incomes. The expenditures during Cleveland's first administration for all

these items — entire cost of government, aside from pensions and interest — were less than two dollars and forty cents (\$2.40) per head. In the last fiscal year, when the administration by earnest work had brought down the expenditures to a reasonable sum, they were two dollars and forty-eight cents (\$2.48) a head. One is inclined to use strong language under these conditions. I am inclined to believe that this statement of bald facts will serve as a more severe indictment of the measures now pending than any words which I can add. These are plain statements of fact. They are based on the official documents which I have secured from the Treasury Department. I hold the official tables and the computations in my hand. Let any advocate of the measure now pending in Congress deny them, if he dares.

Gentlemen, I declared my purpose to appeal to you for the promotion of domestic industry and the protection of American labor, worthy and rightful ends, which should be considered with suitable discrimination by every Committee on Ways and Means and by every Congress that may be summoned to frame measures of taxation. These ends are to be gained by economy in the public service, by so framing measures of taxation that all taxes that the people pay the government shall receive, by refraining from taxing industry at the source, and by opening the way for the ever-increasing exports, now amounting to more than a billion dollars' worth a year, giving support to more than 10 per cent. of our entire population. In support of these ends I have exposed the Dingley Bill, its purposes and its methods. I challenge any man, be he Republican or Democrat, to meet this case and to justify his vote, if he sustains that act.

Gentlemen, there are ways and means by which a revenue of five dollars (\$5) per head or a revenue of six dollars (\$6) per head can be secured without any considerable burden falling on a prosperous State, under a simple act that shall be free of the taxation for private ends which is the motive force behind the Dingley Bill. At either rate, we should be the lightest taxed nation for national purposes in the civilized world. I would most heartily sustain a tax of six dollars (\$6) per head,—five dollars (\$5) for national expenses, lessening year by year as they might with the falling in of pensions; the remainder to be applied as rapidly as possible to the

reduction of our debt,—not only the bonded debt, but the demand debt. I should be glad to begin next year, and to apply the seventy, eighty, or ninety million dollars (which under this measure will be taken from the pockets of the people in order to support private enterprise and augment private profits) to the only rightful purpose of taxation, at the rate of a dollar to a dollar and a quarter (\$1.25) a year, for the public purpose of bringing this country in a few short years out of debt. Why, gentlemen, think of it. If we began now to tax ourselves at the rate of a dollar a head for payment of debt instead of private bounties, and applied it absolutely to the reduction of our debt, in less than eight years we should be free from bonded, and in less than fifteen years we should be free from any debt of any kind, either bonded or payable on demand; and we should then have silver which had cost us over five hundred million gold dollars (\$500,000,000) lying in our vaults, subject to such disposal as the nation might make of it.

Gentlemen, when you requested me to speak to you to-night, I thought my work for the time had ended, and was preparing for a month's rest; but I felt it to be my duty to grant your request. I speak under many embarrassments. I am identified very closely with the manufacturing industries of New England. I am not entitled to represent them. I speak for myself only. Some of my closest business associates and personal friends support the Dingley Bill, and are themselves petitioners for an advance in the rate of duty. Others think it unwise to oppose it. Many, and an increasing number, would take the ground that I have taken, were they here. Whom are we addressing? There are in the Massachusetts delegation men of independent character and sincerity of purpose on the Republican side, some of whom would not be there except they had received the votes of the sound money Democrats, of the free traders, and of the tariff reformers. We asked no pledges from them. We were glad to vote for them, in order to save the honor of the country. There are also in that House of Representatives more than enough members to change the balance of power who have been elected under the same circumstances, and who would not have been where they are except for the votes of the sound money Democrats. The President himself would be a private citizen to-day except for that support. While such are the conditions,

although we expect every man to vote according to his conscience and his view of right, we may also demand the most earnest consideration for the facts which I have presented and others which are being put before them from every part of the country. I have great confidence in the judgment of many of these new members. I believe that they may take the same independent course which was taken by the conscience Whigs,—Charles Francis Adams, Charles Allen, and many others away back in our history,—when they refused any longer to subject themselves to partisan power. I believe they will take the same independent course that was taken by Sumner and Wilson, by the late Judge Hoar, and by our present honored senator, when, joining with the conscience Whigs, they also broke away from partisan alliance and laid the foundation of the very Republican party which some of the same men now represent. I think we may safely call upon such men to pause and ponder well before they run the danger of wrecking that party by submission to the dictation of those who are attempting to control it for private interests.

I feel to-day more solicitude for the immediate future than I did at any time down to November, 1896, when I see the urgent questions of currency and banking, of civil service and of good government, deferred and treated as if they were of little relative importance, while this bad measure—a mere policy, not sustained by any principle of right—is put forward, and the attempt is made to force it upon the country without hearing, without consideration, and without regard of protests. The sound money Democrats yet hold the balance of power, and we can yet exert it. Although we may have two or four years of distrust and uncertainty before us; yet, holding as we do to all that makes for good government, for sound money, for civil service reform, and for just and equal taxation, we may be sure that we shall in the end compel either or both of the existing political parties to adopt and sustain the measures that we support, or else die, as parties have died before from their own inherent faults and from the utter lack of comprehension or statesmanship in their leaders.

In conclusion, I may venture to put the following questions to our Republican friends whom we have supported by our votes and placed in their present positions of responsibility and honor.

First. Ought not all taxes that the people pay to be received by the government?

Second. Ought any tax to be imposed by which the cost of the necessities of life to consumers will be increased in any greater measure than the revenue secured by the government?

Third. Ought not the subjects of taxation to be chosen, as far as possible, among those of which working people can spare a part without impairing their effective energy and without being deprived of any part of the materials on which they work?

Fourth. Should not all taxes be imposed preferably on articles of voluntary rather than of necessary use and upon articles of luxury, so far as they can be reached?

Fifth. Is not the greater part of the present revenue of the United States secured by duties and taxes which are consistent with these simple principles?

Sixth. Do not the figures and facts of our national reports prove conclusively that the whole revenue which can be required to sustain the government on reasonable expenditures can be raised by taxes of this kind?

I venture to suggest to our representatives and to other students of this subject that no man can take up the national accounts in a judicial manner without reaching the conclusion that the whole necessary revenue of the government can be raised consistently with affirmative answers to the foregoing questions in a plain, simple, and effective manner.

A BIT OF HISTORY.

ADDRESS OF HON. HARVEY N. SHEPARD.

In the year 1862 the Republic began its great efforts to suppress the Rebellion, and Congress set to work in earnest to provide the means. Specific taxes were imposed upon iron, steel, paper, leather, and coal oil; and a general ad valorem tax was imposed upon other manufactures. Licenses generally were required. An income tax was levied. Transportation companies paid upon their gross receipts. A heavy burden of taxation was laid upon all industries of the country.

It is evident domestic manufactures thereby were put to disadvantage in competition with foreign products, as the former must sell for enough not only to pay the cost of the making, but also the internal revenue tax, from which in the nature of things the latter were free. The tariff act of 1862 increased duties only to such an extent as in the opinion of those in charge was necessary to restore this equality, so that foreign products, paying customs duties, would be under like burden as those of domestic manufacture. Mr. Morrill said in his speech, when introducing this tariff act: "It will be indispensable for us to revise the tariff on foreign imports, so far as it may be seriously disturbed by any internal duties, and to make proper reparations. . . . If we bleed manufacturers, we must see to it that the proper tonic is administered at the same time." Similarly, Mr. Stevens said: "We intended to impose an additional duty on imports equal to the tax which had been put on the domestic articles. It was done by way of compensation to domestic manufacturers against foreign importers."

Customs duties, evidently, then were not imposed for protection, nor upon any demand from manufacturers. Tariff agitation had ceased almost entirely. In 1846 an act was passed with the avowed

intention of advancing as fast as possible to free trade. In 1857 yet more restrictions were removed. The highest protective duty was reduced to 24 per cent. Many raw materials were admitted free. Duties generally were brought down to the lowest point which had been reached since 1815. The country accepted the tariff acts of 1846 and 1857, and was satisfied with them. The period from 1846 to 1860 was of great material prosperity, not confined to any one portion of the country nor to any one branch of industry. Manufactures, especially, continued to flourish; and the reduction of duties in 1857 was with their approval. Hon. Alexander H. Rice said in 1860: "The manufacturer asks no additional protection. He has learned, among other things, that the greatest evil, next to a ruinous competition from foreign sources, is an excessive protection, which stimulates a like ruinous and irresponsible competition at home." Hon. John Sherman said: "When Mr. Stanton says the manufacturers are urging and pressing this bill, he says what he must certainly know is not correct. The manufacturers have asked over and over again to be let alone." It is clear, then, the tariff act of 1862 was not passed to re-establish protection, but to compensate manufacturers for domestic taxes.

The war continued, and more revenue was necessary. Congress resorted to increased taxation. The three revenue acts of 1864 formed practically one measure, imposing the heaviest taxation which the world has seen. The first provided for an enormous expansion of internal taxes, the second for a corresponding increase of import duties, and the third for a loan of \$400,000,000. Under the first, everything was taxed, and taxed heavily. In manufactures taxes were repeated in all the different stages of production. From 8 to 15 per cent. was paid to the government upon every finished product. The license tax was extended to almost every conceivable branch of trade, and the income tax was raised to 5 per cent. upon moderate incomes and to 10 per cent. upon incomes of more than ten thousand dollars.

The tariff act, introduced into the House June 2, and passed after one day's general debate, brought about a great increase in import duties. Mr. Morrill, chairman of the Committee on Ways and Means, again said, as he had done in 1862, that they were necessary in order to put domestic manufacturers in the same situation, so

far as foreign competition went, as if internal duties had not been increased. This was the ostensible purpose of the new tariff, and was a good reason for bringing forward a proper measure. This made possible a tariff act which in ordinary times would have been rejected summarily. This is the only explanation why the country permitted the passage of such an act practically without debate or examination, with a haste unexampled in history.

When the war closed, the complicated mass of internal taxes was felt to be a heavy and vexatious burden upon the people; and Congress proceeded to sweep it away with all possible speed. Year after year acts were passed to abolish or reduce it. By 1872 all internal taxes had disappeared except those upon spirits, beer, matches, and patent medicines. All those which bore heavily on the manufactures of the country, in compensation for which higher duties had been imposed in 1862 and 1864, were entirely gone.

Step by step with this removal of internal taxes should have taken place a removal of those tariff taxes which had been imposed in order to offset the internal taxes. Mr. Morrill said in 1870: "Whatever percentage of duties was imposed on foreign goods, to cover internal taxation on home manufactures, should not now be claimed as the lawful prize of protection, when such taxes have been repealed. There is no longer an equivalent." Had the question been put to any public man whether the tariff system of the war was to be permanent, the answer certainly would have been in the negative. So attempts were made to reduce the duties, commissions were appointed, and some sincere men, like President Garfield, tried to keep the pledge and promise given when the duties were increased in 1862 and 1864. But the pressure from interested domestic producers was too strong, and the lobby readily mustered votes enough to put off the reform from year to year. Meanwhile the system, which at first was a temporary expedient to aid in the struggle for the Union, adopted in haste and without deliberation, gradually became accepted as a permanent institution. From this it was a short step, in order to explain and justify the existing state of things, to set up high protection as a principle. Taxes in restraint of trade of 40, 50, 60, even a 100 per cent., came to be advocated as a good thing by many who, under ordinary circumstances, would have thought such a notion preposterous. The result was

that the mass of legislation, which had been piled up during the war, gradually became exclusively and distinctly a protective tax, including all the protective duties put on during the war, with many more added to them, and none of the purely revenue duties.

In consequence of this feeling that such a system was a good thing in itself, and desirable as a permanent policy, not only was there a failure to diminish the war rates, but an actual increase over them. Perhaps the most striking instance of this kind is to be found in the wool and woollens act of 1867, an act characteristic not only of the complications of our tariff and of the remarkable height to which protection has been carried, but also of the submission of Congress and of the people to the extortionate demands of arrogant favorites. In 1867 certain of the wool-growers and of the woollen manufacturers met in Syracuse, and agreed upon an increase of duties with the open and avowed intent to increase prices; and yet this scheme was accepted and enacted by Congress without change, probably without understanding on the part of most of the members of its real bearing, and certainly without question as to the effect on the people at large. It is interesting to note that this remarkable legislation failed to secure its object. Great profits were exacted at first; but soon, notwithstanding the protection which the act gave, woollen manufactures proved to be one of the most unsatisfactory and unprofitable of occupations. Once more was demonstrated the fact that the taking of the government into partnership always entails disorder, panic, and loss. In remarkable contrast is the condition of woollen manufacturers during the short time wool has been upon the free list under the Wilson Bill. In this period there has not been one failure.

Another remarkable act is the copper act of 1869. The owners of the great copper mines about Lake Superior, probably the richest in the world and abundantly able to supply us more cheaply than in any other country, grasping for even larger profits than were already theirs, demanded an increase of duties to five and six times those previously imposed; and this was given by a compliant Congress. More open use of legislation for the private benefit of individuals never was made. Its first effect was to destroy the establishments in Boston and Baltimore, which smelted and refined ores brought from Chili. Second, it enabled the Superior mine owners to com-

bine and to establish prices without check from foreign competition. They steadily have maintained copper at a higher price than it sells for abroad, and, when they have found it impossible to sell all their product at home at the combination price, have sent large quantities abroad, and sold it there at lower prices than they would sell to their own countrymen. It is not strange that their profits have been enormous. A tribute equal to that from many a Roman province has been wrung from the pockets of the people.